

**East Central Bossier Parish Fire District No. 1
Haughton, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2014

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

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Independent Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of East Central Bossier Parish Fire District No. 1, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the East Central Bossier Parish Fire District No. 1 as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

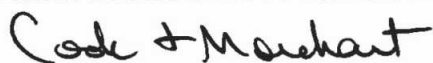
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 and on pages 24 - 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements. The accompanying other supplementary information, Schedule of Compensation, Benefits, and Other Payments to Agency Head, shown on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, on our consideration of East Central Bossier Parish Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Central Bossier Parish Fire District No. 1's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 29, 2015

EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of East Central Bossier Parish Fire District No. 1's financial performance provides an overview of the East Central Bossier Parish Fire District No. 1's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The East Central Bossier Parish Fire District No. 1's net position increased by \$370,796 or 10%.

The East Central Bossier Parish Fire District No. 1's total general revenues were \$1,672,687 in 2014 compared to \$1,668,135 in 2013.

During the year ended December 31, 2014, the East Central Bossier Parish Fire District No. 1 had total expenses, excluding depreciation, of \$1,107,100, compared to \$2,130,201 in 2013.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the East Central Bossier Parish Fire District No. 1 as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the East Central Bossier Parish Fire District No. 1's operations in more detail than the government-wide statements by providing information about the East Central Bossier Parish Fire District No. 1's most significant funds.

The East Central Bossier Parish Fire District No. 1 was determined to be a component unit of the Bossier Parish Police Jury. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the East Central Bossier Parish Fire District No. 1.

Reporting the East Central Bossier Parish Fire District No. 1 as a Whole

Our analysis of the East Central Bossier Parish Fire District No. 1 as a whole begins on page 9. One of the most important questions asked about the East Central Bossier Parish Fire District No. 1's finances is "Is the East Central Bossier Parish Fire District No. 1 as a

whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual *basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the East Central Bossier Parish Fire District No. 1's *net position* and changes in it. You can think of the East Central Bossier Parish Fire District No. 1's net position – the difference between assets and liabilities – as one way to measure the East Central Bossier Parish Fire District No. 1's financial health, or *financial position*. Over time, *increases* or *decreases* in the East Central Bossier Parish Fire District No. 1's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the East Central Bossier Parish Fire District No. 1 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the East Central Bossier Parish Fire District No. 1 are reported here which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the East Central Bossier Parish Fire District No. 1 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the East Central Bossier Parish Fire District No. 1 – not the East Central Bossier Parish Fire District No. 1 as a whole. The East Central Bossier Parish Fire District No. 1's *governmental funds* use the following accounting approaches:

Governmental funds – All of the East Central Bossier Parish Fire District No. 1's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the East Central Bossier Parish Fire District No. 1's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are

more or fewer financial resources that can be spent in the near future to finance certain East Central Bossier Parish Fire District No. 1 expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1 AS A WHOLE

The East Central Bossier Parish Fire District No. 1's total net position changed from a year ago, increasing from \$3,709,042 to \$4,079,838. Our analysis below will focus on key elements of the total governmental funds for both December 31, 2014 and 2013 years.

	Governmental Activities	
	2014	2013
Current and other assets	\$ 4,270,184	\$ 3,825,357
Capital assets	1,425,083	1,571,408
Total Assets	<u>5,695,267</u>	<u>5,396,765</u>
Current liabilities	83,151	80,832
Long-term liabilities	59,379	73,036
Total Liabilities	<u>142,530</u>	<u>153,868</u>
Deferred inflows of resources	<u>1,472,899</u>	<u>1,533,855</u>
Net Position		
Investment in capital assets	1,425,083	1,571,408
Restricted	85,792	70,987
Unrestricted	2,568,963	2,066,647
Total net position	<u>\$ 4,079,838</u>	<u>\$ 3,709,042</u>

Net position of the East Central Bossier Parish Fire District No. 1's governmental activities increased by \$370,796 or 10%. Unrestricted net position, the part of net position that can be used to finance East Central Bossier Parish Fire District No. 1 expenses without constraints or other legal requirements, increased from \$2,066,647 at December 31, 2013 to \$2,568,963 at December 31, 2014. The primary reason for the increase was a general excess of revenues received over expenditures in 2014.

Table 2
Change in Net Position

	Governmental Activities	
	2014	2013
Revenues		
Operating grants and contributions		1,008,482
General Revenues		
Ad valorem taxes	1,515,257	1,520,498
Intergovernmental	125,692	124,393
Interest income	1,009	800
Miscellaneous	30,729	22,444
Total revenues	<u>1,672,687</u>	<u>2,676,617</u>
Expenses		
Public safety - fire protection	<u>1,301,891</u>	<u>2,330,502</u>
Increases (decrease) in net position	<u>\$ 370,796</u>	<u>\$ 346,115</u>

Total revenues decreased \$1,003,930 (38%) from total revenues in the year ended December 31, 2013 of \$2,676,617 to total revenues of \$1,672,687 in the year ended December 31, 2014. This decrease was due to a one-time grant received in 2013.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$2,586,230, which is higher than last year's fund balance of \$2,092,949. The primary reason for this increase was a general excess of revenues received over actual expenditures for the year 2014.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2014. There were no amendments to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 24. Highlights for the year are as follows:

- Revenues were higher than anticipated due to higher property taxes.

The District's General Fund balance of \$2,586,230 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$2,669,381 reported in the budgetary comparison schedule on page 24. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2014 and 2013, the East Central Bossier Parish Fire District No. 1 had invested \$1,425,083 and \$1,571,408, respectively, in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities	
	2014	2013
Land	\$ 53,500	\$ 53,500
Construction in Process	14,044	
Buildings	282,241	299,739
Equipment	176,439	193,027
Vehicle	859,304	981,868
Building Improvements	39,555	43,274
Total	<u>\$ 1,425,083</u>	<u>\$ 1,571,408</u>

This year's major additions included:

Vehicles	\$ 13,696	\$ 60,955
Construction in process	14,044	
Equipment	20,726	
Total	<u>\$ 48,466</u>	<u>\$ 60,955</u>

More detailed information about the capital assets are presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The East Central Bossier Parish Fire District No. 1's management considered many factors when setting a fiscal year December 31, 2015 budget. Property tax millage will remain at 19 mills. Amounts available for appropriation are expected to remain approximately the same. Expenditures for 2015 are expected to increase with the construction costs of new station living quarters.

CONTACTING THE FIRE DISTRICT NO. 1'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the East Central Bossier Parish Fire District No. 1 and to show the East Central Bossier Parish Fire District No. 1's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the East Central Bossier Parish Fire District No. 1.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Net Position
 December 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,610,002
Receivables	1,503,628
Prepaid expenses	97,175
Restricted investments	59,379
Capital assets	
Depreciable (net)	1,357,539
Non-depreciable	<u>67,544</u>
Total assets	<u>5,695,267</u>
LIABILITIES	
Accounts payable and accrued expenses	83,151
Long-term liabilities:	
Due within one year	<u>59,379</u>
Total liabilities	<u>142,530</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad Valorem taxes	<u>1,472,899</u>
NET POSITION	
Investment in capital assets	1,425,083
Restricted-Camp Minden	85,792
Unrestricted	<u>2,568,963</u>
Total net position	<u><u>\$ 4,079,838</u></u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Statement of Activities
For the Year Ended December 31, 2014

GOVERNMENTAL ACTIVITIES

Expenses:

General government	\$ 47,111
Public Safety - fire protection	<u>1,254,780</u>
Total expenses	<u>1,301,891</u>

General revenues:

Ad valorem taxes	1,515,257
Intergovernmental	
Fire insurance rebate	75,692
State of Louisiana	50,000
Interest and dividends	<u>31,738</u>
Total general revenues	<u>1,672,687</u>
Change in net position	370,796
Net position - beginning, restated	<u>3,709,042</u>
Net position - ending	<u><u>\$ 4,079,838</u></u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2014

	Major Fund General Fund	Non-Major Fund Capital Projects	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,610,002	\$	\$ 2,610,002
Receivables	1,503,628		1,503,628
Restricted investments	59,379		59,379
Total assets	\$ 4,173,009	\$	\$ 4,173,009
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts payable and accrued expenses	\$ 83,151	\$	\$ 83,151
Total liabilities	83,151		83,151
Deferred inflows of resources			
Unavailable revenue			
Ad Valorem taxes	1,472,899		1,472,899
Other	30,729		30,729
Total deferred inflows of resources	1,503,628		1,503,628
Fund balance			
Restricted-Camp Minden	85,792		85,792
Committed			
Volunteer incentive program	59,379		59,379
Capital improvements	480,194		480,194
Unassigned	1,960,865		1,960,865
Total fund balance	2,586,230		2,586,230
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,173,009	\$	\$ 4,173,009
Fund balances - total governmental funds			\$ 2,586,230

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,425,083
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources - prepaid insurance	97,175
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	30,729
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(59,379)
Net position of governmental activities	\$ 4,079,838

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2014

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Non-Major Fund</u> <u>Capital</u> <u>Projects</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues			
Ad valorem taxes	\$ 1,515,257	\$	\$ 1,515,257
Intergovernmental			
Fire insurance rebate	75,692		75,692
State of Louisiana	50,000		50,000
Interest and dividends	23,453		23,453
	<u>1,664,402</u>	<u></u>	<u>1,664,402</u>
Total revenues			
	<u>1,664,402</u>	<u></u>	<u>1,664,402</u>
Expenditures			
Current:			
General government	47,111		47,111
Public Safety	1,073,944	1,600	1,075,544
Capital outlay	48,466		48,466
	<u>1,169,521</u>	<u>1,600</u>	<u>1,171,121</u>
Total expenditures			
	<u>1,169,521</u>	<u>1,600</u>	<u>1,171,121</u>
Excess of revenues over expenditures	494,881	(1,600)	493,281
Fund balance at beginning of year, restated	2,091,349	1,600	2,092,949
	<u>2,091,349</u>	<u>1,600</u>	<u>2,092,949</u>
Fund balance at end of year	<u>\$ 2,586,230</u>	<u>\$</u>	<u>\$ 2,586,230</u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ 493,281
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$194,791 exceeded capital outlays of \$48,466 in the current period.	(146,325)
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	1,905
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,278
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>13,657</u>
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Change in net position of governmental activities	<u><u>\$ 370,796</u></u>
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See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014

INTRODUCTION

The East Central Bossier Parish Fire District No. 1 (the district) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute (R.S.) 40:1492. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 2014. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The East Central Bossier Parish Fire District No. 1's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the East Central Bossier Parish Fire District No. 1 are discussed below.

A. Reporting Entity

The district is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The East Central Bossier Parish Fire District No. 1's basic financial statements include both government-wide (reporting the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole) and fund financial statements (reporting the East Central Bossier Parish Fire District No. 1's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The East Central Bossier Parish Fire District No. 1's general fund is classified as governmental activities. The East Central Bossier Parish Fire District No. 1 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The East Central Bossier Parish Fire District No. 1's net position is reported in three parts – investment in capital assets, restricted, and unrestricted net position.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the East Central Bossier Parish Fire District No. 1's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The net costs (by function) are covered by general revenues.

This government-wide focus is more on the sustainability of the East Central Bossier Parish Fire District No. 1 as an entity and the change in the East Central Bossier Parish Fire District No. 1's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the East Central Bossier Parish Fire District No. 1 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the East Central Bossier Parish Fire District No. 1:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the East Central Bossier Parish Fire District No. 1:

- a. General fund is the general operating fund of the East Central Bossier Parish Fire District No. 1. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Capital project fund is used to account for financial resources to be used for the acquisition of equipment.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The following major fund is presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the East Central Bossier Parish Fire District No. 1 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Board of Commissioners prior to December 16 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. All changes in the budget must be approved by the board.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

5. The budget is adopted on a cash basis for all funds. There were no amendments to the 2014 budget.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statue (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	12 – 40 years
Vehicles	2 – 22 years
Equipment	4 – 18 years

H. Compensated Absences

Full-time employees of the district earn five days of vacation leave each year. Vacation and sick leave do not accumulate.

At December 31, 2014, there were no employee leave benefits requiring recognition. The cost of leave privileges is recognized as current-year expenditure when leave is actually taken.

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

K. Deferred Inflows of Resources

The District's governmental activities and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The item, unavailable revenue, is reported in the governmental funds balance sheet and statement of net position. On the fund balance sheet, the District reports unavailable revenue from two sources, including property taxes and other receipts. On the statement of net position, the District reports unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or the period for which they are levied and budgeted.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the District has no transactions that meet the definition of deferred outflows of resources.

L. Net Position

Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the district's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the district's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

M. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

2. Restricted – amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the board of commissioners (the district's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of commissioners remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

The district's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

(2) New Accounting Pronouncement

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, and amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the District in fiscal year 2015. The District is in the process of evaluating the impact of this pronouncement on its financial statements.

(3) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	19.00	19.00	2018

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2014
 (Continued)

(4) Cash and Cash Equivalents

The District had cash and cash equivalents at December 31, 2014 (book balances) totaling \$2,610,002 in interest bearing demand deposits and a brokerage account. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. As of December 31, 2014, \$252,061 of the government's bank balance of \$751,276 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department in the District's name.

At December 31, 2014, the District had \$1,971,697 in a brokerage account which consists of money market funds which are backed by U.S. government securities or repurchase agreements backed by U.S. government securities.

(5) Restricted Investments

Restricted investments at December 31, 2014, consist of certificates of deposit with initial maturities greater than 90 days. The certificates of deposit are restricted for the District's volunteer incentive program. The certificates are insured entirely by federal deposit insurance.

(6) Receivables

Accounts receivable at December 31, 2014 consisted of the following:

Ad valorem receivable	\$ 1,472,899
Other	<u>30,729</u>
	<u>\$ 1,503,628</u>

(7) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2014, consisted of the following:

Salaries and benefits	\$ 10,782
Accounts	<u>72,369</u>
	<u>\$ 83,151</u>

(8) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Volunteer incentive program	<u>\$ 73,036</u>	<u>\$ 5,232</u>	<u>\$ (18,889)</u>	<u>\$ 59,379</u>	<u>\$ 59,379</u>

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance at Jan. 1, 2014	Additions	Deletions	Balance at Dec. 31, 2014
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 53,500	\$ —	\$ —	\$ 53,500
Construction in process		14,044		14,044
Total capital assets, not being depreciated	53,500	14,044	—	67,544
Capital assets, being depreciated:				
Buildings	530,806	—	—	530,806
Equipment	352,941	20,726	—	373,667
Vehicles	2,073,419	13,696	—	2,087,115
Building Improvements	61,801	—	—	61,801
Total capital assets, being depreciated at historical cost	2,965,012	34,422	—	3,053,389
Less accumulated depreciation:				
Buildings	(231,067)	(17,498)	—	(248,565)
Equipment	(159,914)	(37,314)	—	(197,228)
Vehicles	(1,091,551)	(136,260)	—	(1,227,811)
Building Improvements	(18,527)	(3,719)	—	(22,246)
Total accumulated depreciation	(1,501,059)	(194,791)	—	(1,695,850)
Total capital assets, being depreciated, net	1,517,908	(160,369)	—	1,357,539
Governmental activities capital assets, net	\$ 1,571,408	\$(146,325)	\$ —	\$ 1,425,083

Depreciation expense for the year ended December 31, 2014, was \$194,791.

(10) Restatement of Net Position / Fund Balance

Net position / fund balance at December 31, 2013, were restated to correct the revenue recognition of property taxes to the period for which the taxes were levied and budgeted.

	<u>Net Position</u>	<u>Fund Balance</u>
Balance, December 31, 2013, as previously reported	\$ 5,242,897	\$ 3,560,118
Correction of property tax revenue	(1,533,855)	(1,467,169)
Balance, December 31, 2013, restated	<u>\$ 3,709,042</u>	<u>\$ 2,092,949</u>

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

(11) Pension Plan

Certain employees of the District are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of credible service, not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. Contribution rates were 28.25% for January through June, 2014, and 29.25% for July through December, 2014. The contribution requirements of plan members and the District are established and may be amended by state statute.

As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2014, 2013, and 2012 were \$120,493, \$105,818, and \$93,032, respectively.

Other employees of the district who are not eligible to participate in the Firefighters' Retirement System are members of the Social Security System.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2014
(Continued)

(12) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(13) Leases

For the year ended December 31, 2014, the district had an operating lease on equipment that is utilized by the district. Lease payments on the lease for the year ended December 31, 2014 were \$2,134. There are no leases having initial or remaining noncancelable lease terms in excess of one year.

(14) Commitment

The District signed a contract for Fire Station improvements totaling \$211,617. As of December 31, 2014 the District has incurred expenditures of approximately \$4,124, with a remaining balance on the contracts of \$207,493.

(15) Subsequent Events

The District approved the purchase of a new fire apparatus with a total approximate purchase price of \$455,493 in 2015.

Subsequent events have been evaluated through June 29, 2015, the date the financial statements were available to be issued.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 2014

	Budgeted Amounts Original & Final	Actual Amounts (Budgetary Basis)	Variance- Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 1,459,795	\$ 1,515,257	\$ 55,462
Intergovernmental-fire insurance rebate	69,000	75,692	6,692
Miscellaneous	200		(200)
Interest income	500	827	327
Total revenues	1,529,495	1,591,776	62,281
Expenditures			
Current:			
General government	61,465	49,234	12,231
Public Safety	1,649,151	981,549	667,602
Capital outlay	100,000	48,465	51,535
Total expenditures	1,810,616	1,079,248	731,368
Net change in fund balance	(281,121)	512,528	793,649
Fund balances at beginning of year	1,603,460	2,156,853	553,393
Fund balances at end of year	\$ 1,322,339	\$ 2,669,381	\$ 1,347,042

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Required Supplementary Information
December 31, 2014

The District's budget is adopted on a cash basis for all funds. There were no amendments to the 2014 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 512,528
Adjustments:	
Revenue accruals – net	72,626
Expenditure accruals – net	<u>(90,273)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 494,881</u>

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2014

Agency Head: Robert Roe, Deputy Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 75,988
Benefits-insurance	6,677
Benefits-retirement	21,847
Reimbursements	1,092
Registration fees	514
Conference travel	1,003

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Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the East Central Bossier Parish Fire District No. 1 as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements, and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Central Bossier Parish Fire District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Central Bossier Parish Fire District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Central Bossier Parish Fire District No. 1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Central Bossier Parish Fire District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 29, 2015

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 2014

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended December 31, 2013.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2014.